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IN THE  
**SUPREME COURT OF THE UNITED STATES.**

OCTOBER TERM, 1942.

**696**  
No. ....

**A. W. ALTVATER and THE WESTERN SUPPLIES COMPANY,**  
Petitioners,

v.

**BENJAMIN W. FREEMAN and THE LOUIS G.**  
**FREEMAN CO.,**  
Respondents.

**PETITION FOR WRIT OF CERTIORARI**

To the Circuit Court of Appeals for the Eighth Circuit,  
and

**BRIEF IN SUPPORT THEREOF.**

✓  
✓ **LAWRENCE C. KINGSLAND,**  
**EDMUND C. ROGERS,**  
Counsel for Petitioners.

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**PETITION FOR WRIT OF CERTIORARI**

**To the Circuit Court of Appeals for the**  
**Eighth Circuit.**

To the Honorable Chief Justice of the United States, and  
the Associate Justices of the Supreme Court of the  
United States:

Your petitioners, A. W. Altvater, and the Western Supplies Company, pray for a writ of certiorari to the Circuit Court of Appeals for the Eighth Circuit to review the modified judgment of that court entered September 28, 1942, modifying its original judgment of July 15, 1942, and petition for rehearing denied November 3, 1942.

A transcript of the record in the case, including the proceedings in said Circuit Court of Appeals, is furnished herewith in accordance with the rules of this Court.

## STATEMENT.

1. This petition seeks a reversal of the judgment and order of the Circuit Court of Appeals dismissing petitioners' counterclaim for declaration of invalidity of two re-issue patents. In entering its order, dismissing the counterclaim, the Circuit Court of Appeals reversed the District Court, which had sustained the counterclaim and had held that the reissues were invalid (130 F. [2d] 763).

2. This suit arose upon a contract of January 1, 1929, between the parties hereto (R. 7 et seq.), which contract involved an original patent No. 1,681,033, issued August 14, 1928, to respondent Freeman.

3. In an outside suit, *Premier Machine Company v. Freeman* (84 F. [2d] 425), 23 out of 26 of the claims of the said patent were declared invalid by the First Circuit Court of Appeals. Respondent Freeman, November 10, 1936, filed a disclaimer of said 23 claims (R. 445).

4. Subsequent to the filing of the disclaimer, two reissue patents (R. 151, 161) were granted to Freeman on December 8, 1936. At the time of this grant of the reissue patents, Freeman surrendered his original patent, and thereby, in accordance with the decision of the District Court, which to this extent was affirmed by the Court of Appeals, Freeman terminated the contract of 1929 between petitioners and respondent Freeman.

5. Freeman then, on December 9, 1936, advised petitioners (R. 468) that he was holding all dies made under the original patent to be subject to the reissues.

6. The present suit was filed prior to the reissues (R. 2), but was amended by respondents to include them (R. 39). The Complaint generally averred continuance of the agreement and its validity, and sought to hold under the agreement certain dies upon which petitioners had refused to

pay royalties. Petitioners paid on many others concededly within the patents, if valid. Petitioners answered (R. 22, 40), denying that the reissues were infringed and denying that they were substituted in the original contract.

7. By amended answer (R. 60), petitioners averred that respondents had used the patent to obtain an illegal monopoly, contrary to the decisions of this Court.

8. Petitioners counterclaimed (R. 45) for a declaration of invalidity, lest they be left without license (as they subsequently were by the Court of Appeals), to enable them to continue their business rightfully started when they did have a license, and subject to an infringement suit for the dies they made which concededly would infringe.

9. Petitioners counterclaimed for invalidity on the grounds that (a) respondent Freeman had made an improper disclaimer prior to the reissues, in that he retained claims to the same subject matter as that disclaimed, contrary to the decision of this Court in *Maytag v. Hurley*, 307 U. S. 243; (b) respondent Freeman had included in the reissues claims indistinct from those disclaimed from the original patent; (c) respondent Freeman had made the reissues cover subject matter which he had manifested no intent to claim, and had actually disclaimed, in the original patent; and (d) that, in the light of the *Premier* decision, substantially all of the claims of the reissue patents, and all of the reissue patent 20,203, were invalid over the prior art and Freeman had been evicted from any patent monopoly thereover.

10. In reply (R. 50) to the counterclaim, respondents put in issue the matters of invalidity.

11. The District Court herein held (R. 86) that the reissues had not been substituted in the contract; that the contract terminated at least by December 8, 1936; that the particular two dies accused did not infringe; that the re-

spondents had improperly used the patents to obtain an illegal monopoly so that they could not maintain this suit (R. 88); that the original patent became invalid for improper disclaimer; that the reissues were improperly obtained (R. 84); that the reissues were invalid over the art, in the light of the *Premier* decision (R. 83). The District Court dismissed the bill, but sustained the counterclaim (R. 89, 90).

12. On appeal the Circuit Court of Appeals first (129 F. [2d] 494) decided that the contract had terminated; that no new contract had been made; that the particular dies did not infringe, and affirmed generally the decree of the District Court, thereby sustaining the counterclaim and the invalidity.

13. On respondents' petition for rehearing the Circuit Court of Appeals (130 F. [2d] 763) held that it need not decide the issue of invalidity, and modified its former ruling by directing a change in the judgment, which was, in effect, a dismissal of the counterclaim.

14. The Court of Appeals, on November 3, 1942, denied petitioners' petition for rehearing of this modification and dismissal of the counterclaim.

15. Shortly after the reissues had been granted, and while the present suit was pending in the District Court, petitioners filed a suit for declaratory judgment in the District Court at Cincinnati for a declaration of invalidity of the reissues. The Sixth Circuit Court of Appeals (109 F. [2d] 693) sustained dismissal of that bill on the statement that all matters therein raised could and would be decided by the courts in the present suit.



### QUESTIONS PRESENTED.

1. Shall a decree on a counterclaim of a joined issue of invalidity of patents employed to obtain an improper monopoly be reversed on the theory that the decision on the bill of noninfringement rendered the issue of validity on the counterclaim moot?

2. Shall a decree on a counterclaim of a joined issue of invalidity of said patents be reversed on the theory that the decision on the bill of noninfringement by two devices accused by the bill when the counterclaim raises the issues of liability for many other devices that petitioners concede infringe if the patents are valid? In short, shall a counterclaim related to other infringing devices be dismissed because of a decision that two accused devices do not infringe?

3. Shall the decision of the District Court holding the reissues invalid be affirmed to relieve petitioners of their liability already existing and to relieve the public from an illegal patent monopoly found by the District Court and which is illegally stifling competition.

### REASONS FOR GRANTING THE WRIT.

1. Substantially "all of the women's shoe manufacturers of any prominence in this country of any size" and "all the machine die manufacturers of any size in the United States" were or are licensees of Freeman (*Premier v. Freeman*, Rec. p. 48 herein, Exh. 24). The First Circuit Court of Appeals found that Freeman controlled over 50 per cent of the entire women's shoe industry. *The District Court herein found this control improper and an illegal use of the patent* (R. 88). It is, therefore, in the public interest that the District Court's adjudication of invalidity not be summarily reversed as the Court of Appeals did.



2. By the failure of the court below to adjudicate the invalidity of the Freeman patents, the entire illegal license structure of respondents and its many licensees is to continue, with the result that competition in both machines and dies is effectively stifled. Cf. *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U. S. 488.

3. There is no likelihood that any other suit with a conflict of opinion can be obtained within time to strike down the patents before their expiration, as substantially all of the other die manufacturers are in the combination. Cf. *Schriber-Schroth v. Cleveland Trust Co.*, 305 U. S. 47; *Williams Mfg. Co. v. United Shoe Machinery Corp.*, 316 U. S. 364.

4. The dismissal of the counterclaim for declaration of invalidity involves an interpretation of the declaratory judgment act by the Eighth Circuit in direct contradiction to the interpretation of that statute by the Second Circuit Court of Appeals and the Sixth Circuit Court of Appeals.

*Leach v. Ross Heater & Mfg. Co.*, 104 F. (2d) 88 (C. C. A. 2);

*Yardley v. Houghton Mifflin Co.*, 108 F. (2d) 28 (C. C. A. 2);

*Dominion Electrical Mfg. Co. v. Edwin L. Wiegand Co.*, 126 F. (2d) 172 (C. C. A. 6).

This is an important conflict of federal procedural law that has not been decided by this Court.

5. A direct conflict exists between the Sixth Circuit Court of Appeals and the Eighth Circuit Court of Appeals in this case, since the former refused to decide validity, because, as it said (109 F. [2d] 695):

“The validity of reissue patent No. 20,203 . . . would then necessarily be involved (in the St. Louis litigation). The same is true in the pending second

St. Louis suit. . . . The second St. Louis case, we think, definitely raises or can be made to raise, every question that is presented here."

Thus petitioners have been refused adjudication by one Circuit Court of Appeals because another will decide the question, but that other, in its turn, refuses so to do.

6. Confusing interpretations exist among the Circuit Courts of Appeals of the decision of *Electrical Fittings Corp. v. Thomas & Betts Co.*, 307 U. S. 241. The Eighth Circuit has followed one in interpreting the case as holding that having found noninfringement, "the other issues became moot and there was no longer a justiciable controversy between the parties" (130 F. [2d] 764).

This interpretation precludes any adjudication of invalidity in any case in which noninfringement is found, which is obviously contrary to public policy and certainly not a proper interpretation of the *Electrical Fittings* case. However, it has been the interpretation of other Circuit Courts of Appeals also:

*Richard Irvin & Co. v. Westinghouse Air Brake Co.*,  
121 F. (2d) 429 (C. C. A. 2);  
*Aero Spark Plug Co. v. B. G. Corporation*, 130 F.  
(2d) 290 (C. C. A. 2) (but see concurring opinion of Judge Frank).

The Sixth Circuit is in a state of confusion. It first held that the *Electrical Fittings* case required the appellate court to adjudicate validity where the lower court adjudicated validity, but noninfringement. *Aluminum Co. of America v. Thompson Products*, 122 F. (2d) 796, 799. This is exactly contrary to the *Electrical Fittings* case. Later it retired from this position to another extreme of apparently refusing to adjudicate validity in cases of nonfringement. *American Seating Co. v. Ideal Seating Co.*, 124 F. (2d) 70, 72.

Actually, this Court in the *Electrical Fittings* case merely ruled that an appealable decision for *both* sides should not be made, such as validity but noninfringement. It is submitted that this Court never intended to preclude rulings of invalidity as well as noninfringement, which would be two rulings for the same party.

Owing to the clear public interest in the removal of invalid patents, it is submitted that it is highly desirable that the ruling of the Eighth Circuit Court of Appeals be reversed, and that all Circuit Courts of Appeals be advised of their full right to adjudicate the invalidity of a patent even when they also adjudge noninfringement, both findings being wholly for the single defending party.

A. W. ALTVATER and  
WESTERN SUPPLIES COMPANY,

By LAWRENCE C. KINGSLAND,  
EDMUND C. ROGERS,  
Counsel for Petitioners.

## **BRIEF IN SUPPORT OF PETITION FOR CERTIORARI.**

### **Opinions of the Courts Below.**

The District Court filed no opinion, but entered findings of fact and conclusions of law, beginning page 79 of the record.

The first opinion of the Court of Appeals appears at 129 F. (2d) 494. The second opinion of the Court of Appeals, as a result of which this petition is filed, appears at 130 F. (2d) 763.

### **Jurisdiction.**

1. The original opinion of the Circuit Court of Appeals was entered July 15, 1942. Since this decision generally affirmed the District Court, petitioners had no right to seek certiorari therefrom, as they had won in all respects, including their counterclaim.

2. The ruling of the Circuit Court of Appeals on respondents' petition for rehearing, wherein it modified its former opinion and modified the decree of the District Court, was entered September 29, 1942. However, petition for rehearing of this was duly filed by petitioners here, and that petition for rehearing was not denied until November 3, 1942.

3. The statute under which jurisdiction is invoked is 240 (a) of the Judicial Code, 28 U. S. C. A. 347, as amended by the Act of February 13, 1925.

### **Statement.**

The facts pertinent to the present petition are set forth in the petition itself. However, we may note further that the original bill was for specific performance of the original contract, and by amendment averred that a new contract had been entered into after the surrender of the

patent upon which the original contract was based. That patent was surrendered as a matter of law upon granting of the reissues December 8, 1936. It is not disputed here that the original contract terminated as of that date. Both of the lower courts have found that to be the fact.

In the bill it was necessarily urged that the contract was still in force. In the amended petition it was further urged that the contract be enforced on the reissue patents. Necessarily, this included an averment by respondents that their patents were good and subsisting patents, and that they were urging rights under them as against petitioners.

The jurisdiction of the federal courts was based upon diversity of citizenship, about which there is no contest. Both of the respondents are domiciled in Ohio, and both petitioners are domiciled in Missouri.

There is no contest over the fact that petitioners have made a number of dies which come under respondents' patents, if respondents' patents are valid. Such dies are completely distinct from the two dies finally adjudicated as not infringing the patents.

There was a former suit between these parties in regard to certain machines made by petitioner, Western Supplies Company. By the original contract, petitioners agreed not to make infringing machines. Petitioners made a certain machine which they considered without the scope of the patent. Respondents in this first suit thought otherwise, and, therefore, brought said suit. In it the District Court held that the particular machine there accused was outside the patent, but the Circuit Court of Appeals reversed (66 F. [2d] 506). As a result of that reversal the District Court in that other suit entered a decree ordering specific performance of the contract and compelling petitioners to recognize it in all respects. That suit is now pending on the accounting.

### **The Unclean Hands.**

By amendment to the answer in the present case, petitioners injected the matter of the illegal use of the patents to obtain monopolies beyond the scope thereof. Since the District Court found and decreed that the acts of respondents did constitute illegal use of the patent, it is not necessary here to go into detail as to the nature of such illegal acts.

A brief review of what respondents did with their patents may be found by a consideration of certain leases of machines and licenses for the manufacture of dies in existence at the time the present suit was brought, and, indeed, in existence until after the trial thereof.

The original and the reissue patents covered (a) machines for cutting out shoe uppers, and (b) dies for doing the actual cutting work. The machines were capable of use with either the patented dies or with unpatented dies, and the patented dies were capable of use on either the patented machines or unpatented machines.

The general system employed by respondents was that they should be the principal manufacturer of machines made under the patent, but they granted licenses to various die manufacturers. In carrying out this policy respondents made machines themselves, generally refusing licenses to others to make machines. Respondents leased their machines, but on condition that all patented dies should be bought from their die licensees. Respondents' die licenses required the die manufacturers to limit sales of the patented dies only to possessors of leased machines, although the dies were capable of use with other machines, the sale or use of which was thus restricted by the patent on dies rather than by any patent on such other machines.

However, without probing the legality of this general system, we may investigate the particular way that it was

carried out. For instance, during the period from 1923, five years prior to the grant of the original patent, until several months after the trial, respondents had in existence a lease found at page 68 of the record. By this lease, which is typical of several that were in existence, respondents gave the Brown Shoe Company the right to use a machine belonging to respondents. However, as a continuing consideration of the right to use this machine, the licensee was compelled to buy all dies, patented or otherwise, from the respondent, Freeman Company. This was in effect the use of a patent on a machine to attain a limited monopoly in unpatented dies, thus coming squarely under the prohibition of the *Motion Picture Patents*<sup>1</sup> case and of the *Morton Salt*<sup>2</sup> case.

Furthermore, as we have noted, Freeman tied both ends of this structure together. The machine lessees were required to buy dies from die licensees, and the die licensees were uniformly required to sell the dies only to companies having machines leased from Freeman.

It may be commented, in order to give a background for the District Court's decision, that this whole patent monopoly sprung up as a pseudo-settlement of interferences in which Freeman was involved (Exhs. A-2, A-3). The interferences included patent applications of the United Shoe Machinery Company, the biggest shoe machinery manufacturer in the world, and certain inventors named Knight, who were already manufacturing the machine to which Freeman's invention, if it was an invention, was an appendage, as the First Circuit Court of Appeals found in the *Premier* case, 84 F. (2d) 425.

In an amicable settlement of the interferences, all of the contestants delivered titles to their applications to Freeman, who was then free to issue such patents as he saw fit,

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<sup>1</sup> 243 U. S. 502.

<sup>2</sup> 314 U. S. 488.



but the Knights and the United Shoe Machinery Company were given more favorable positions in return for the assignment of their applications than were outside licensees. Hence the whole system took on itself the attributes of the combination in restraint of trade.

In furtherance of the plan, Freeman then granted a number of licenses to die manufacturers—he boasted, as heretofore noted, that all of the larger die manufacturers in the country were licensees. All of these licenses contained agreements by the respective licensees that they would not make machines. All contain restrictions against the sale of the licensed dies except to machines made or licensed by Freeman.

But to point out more flagrant violations of the reasonable rights of patentees that were undertaken by Freeman, let it be noted, that in many cases he forced his die licensee to agree not to make any dies other than the licensed ones (Exhs. A-5, A-7, A-9, A-11, A-13, A-17). Other and potentially competing dies were not patented at all, or not patented to Freeman; but the public was, by such agreements, denied the right even to obtain such unpatented dies, much less the right to benefit from the impact of such dies on prices that were charged for the patented ones.

It is a clear extension of the patent on one specific type of dies when the patentee of that type forces his licensees to agree not to make any competing die. This is a worse situation than existed in the *Morton Salt* case. In that case the patentee restricted his machine lessee from buying any salt tablets except from him. Thus the machine patent was made to secure a limited monopoly in unpatented salt tablets which were available to that lessee only from a single source. In the present case, Freeman, by use of a patent on one restricted article, shuts out completely the possibility of obtaining competing articles at all.

In addition to the foregoing type of restriction which occurred in a number of die licenses, Freeman compelled a number of his die licensees to contract that certain broad types of machines came within the scope of his patent (Exhs. A-7, A-9, A-11, A-13, A-17). It will be remembered that these die licensees were agreeing not to make machines. It was perhaps legal for Freeman to establish ex contractu a prohibition against the manufacture of machines, which he had ex delicto under his patent, but it was not proper for him to write an excessively broad definition of the scope of his patent, in full disregard of what the claims themselves defined, and in full disregard of what the prior art might show. But this he did, and thereby actually wrote into a patent by agreements, monopolies over machines that otherwise would have been free thereof. Thus, again, Freeman extended his patent monopoly not only to machines that might reasonably come under it, but also to other machines. Since these restrictions were parts of agreements not to manufacture, the result was that these die licensees agreed not only not to manufacture the Freeman machine as patented, but also agreed not to manufacture any competing machines, even though such competing machines might be beyond the scope of the patent itself.

As noted, we do not here undertake to point out all of the bases upon which the District Court made its findings of improper use. We merely point out the foregoing as certain examples that are particularly flagrant. The twenty-three license agreements are in this record as Exhibits A-1 to A-23, inclusive. They have been physical exhibits in all of the courts, and are submitted to this Court as physical exhibits.

### **Specification of Errors.**

If the petition for certiorari is granted, the errors that petitioners will urge as residing in the judgment of the Circuit Court of Appeals are as follows:

1. In reversing the District Court's findings of invalidity of the reissue patents 20,202 and 20,203.

2. In dismissing the counterclaim, which had been sustained by the District Court.

3. In holding that the finding of noninfringement as to two certain dies fully determined the issues before the Court and rendered the other issues moot; whereas, as a matter of fact, the counterclaim involved issues on other and distinct dies concededly under the patents, if valid, and liability as to which is now wholly unsettled and undetermined.

4. In failing to hold both reissue patents invalid for the reasons that (a) the original patent had become invalid for improper disclaimer prior to the grant of the reissues, so that there was no basis for the reissues; (b) the reissues included subject matter indistinct from the matter disclaimed from the original patent; (c) the reissue patents included subject matter beyond the scope and intent of the original patent, and, indeed, disclaimed from that patent; (d) the reissue patents included subject matter declared invalid by the First Circuit Court of Appeals in the *Premier* case; and (e) the reissue patents included subject matter unpatentable over the prior art in view of the holdings of the First Circuit Court of Appeals in the *Premier* case.

### **Summary of Argument.**

The points of argument follow the reasons relied upon for the grant of the writ, set forth heretofore in this petition.

## **Argument.**

**Point 1.** It was found by the District Court that Freeman was exercising an improper and illegal control over the shoe cut-out machine and die business by his leases and licenses under the patents here in question.

It has long been urged that the public has no participation in litigation on patents. The only way the public can now be heard is through the voices of the private litigants. Where there is a clear finding of improper use of a patent to the detriment of the public, it is submitted that the courts should be zealous to affirm a decision of invalidity of such patent, and thus relieve the public from the burden of the illegal monopoly, and not detour around the issue as here.

If petitioners must seek a license from Freeman in order to continue their business, because the Circuit Court of Appeals has refused to decide invalidity, then the ultimate sufferers, from an even further tightened monopoly, will not be your petitioners, but, rather, will be the public. If that situation comes about (and assuming Freeman would license petitioners), then the likelihood of ever disturbing this monopoly before the expiration of the patents in 1945 is extremely remote. At least 15 per cent or more of the cost of every die of this type used by shoe manufacturers and passed on to the shoe-wearing public will be in royalty paid as a tribute to this illegal combination.

Freeman boasted in the *Premier* record that all of the die manufacturers of any size in the United States were his licensees. Since that time even the Premier Company, the defendant in that suit, has become a licensee. He further boasted that all of the women's shoe manufacturers of any prominence in this country were lessees of machines. This is the scope of the illegal monopoly.

That has already been found by the District Court.

Why did the Court of Appeals elect to base its decision upon noninfringement when it could just as well have based its decision upon invalidity? The whole fallacy of the reasoning by the Circuit Court of Appeals in 130 F. (2d) 764 that the decision of noninfringement rendered the other decisions moot is disclosed by this very question. By the same token, if the Circuit Court of Appeals below had determined only invalidity it would have rendered the infringement issues wholly moot. On what authority does it base its choice of noninfringement rather than invalidity? Certainly, the public interest would have demanded the choice of invalidity, and, certainly, the private interests here pressed the issue of invalidity. As Judge Frank noted in his concurring opinion in the *Spark Plug* case,<sup>1</sup> there is every reason to choose to determine the invalidity of the patent rather than to choose the noninfringement thereof.

If this Court does not exercise its discretion to reach to the heart of this illegal monopoly and to destroy that monopoly at its heart, then the last resort will be gone. There is practically no likelihood that the public will ever have another change prior to the expiration of the patent to be freed. And in the meantime respondents are harvesting tribute for this illegal and invalid monopoly.

**Point 2.** There is no doubt that the lease-license structure created by respondents in furtherance of their combination is stifling competition. It has already done so for years. It was not enough that Freeman should tie both the die end and the machine end of the business to each other, but he had to tie them in such ways as to exclude the development of competitive dies or their use if they should be developed, and, likewise, the development of competing machines. Even if competing machines had been designed, the die licensees could not sell the licensed dies to them.

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<sup>1</sup> *Aero Spark Plug Co. v. B. G. Corp.*, 130 F. (2d) 290 (C. C. A. 2).

**Point 3.** As we have noted, there is no likelihood that any other suit with a conflicting opinion can be obtained. How could there be a conflict of opinion with the present case? The Circuit Court did not decide that no monopoly existed. It ordered a dismissal of the counterclaim, because it held the questions moot.

There is only one other suit that exists on these patents. But it has only recently been sent back by the First Circuit Court of Appeals for a trial on an anti-trust defense. That such a trial can be completed within any short time, go to appeal, and be decided on appeal, even assuming that the result thereof could develop a conflict, which is doubtful, it is perfectly evident that years must pass before that case can ever get to this Court.

The patents have less than three years/to run.

**Point 4.** Since the Declaratory Judgment Act there has developed a confusion among the courts as to how far that Act can be used to insure declaration of invalidity of the patents.

We speak here broadly even without the existence, which we have in the present case, of issues beyond the scope of the bill of complaint.

The Second and Sixth Circuits have already decided that even on the issues of bill and answer a counterclaim for a declaration of invalidity is proper, both from the standpoint of the public interest and from the fact that a decision of noninfringement does not settle all of the controversies between the parties to the bill and answer.

*Leach v. Ross Heater & Mfg. Co.*, 104 F. (2d) 88  
(C. C. A. 2);

*Yardley v. Houghton Mifflin Co.*, 108 F. (2d) 28  
(C. C. A. 2);

*Dominion Electrical Mfg. Co. v. Edwin L. Wiegand Co.*, 126 F. (2d) 172 (C. C. A. 6).



The decision of the court below was in direct conflict with these decisions of the Second and Sixth Circuits. Thus, in the Eighth Circuit, a counterclaim for invalidity will avail nothing and can be dismissed immediately upon a finding of noninfringement. This, however, will not occur in the Second and Sixth Circuits where the determination of invalidity can be assured.

Once again we point out the extreme value to litigants, and perhaps more important, to the public, of obtaining invalidation of improperly granted patents. The continued existence of a patent with the presumption of validity, necessarily bulwarks illegal operations in the field embraced by the patent (Cf. *The Morton Salt Case*). The particular defendant, having been once through the cost of patent litigation, will steer wide of the patent, thus depriving the public, as far as he is concerned, of conveniences that they would otherwise have if the patent were invalid. This is true not only of the exact structure patented, but as to whatever the manufacturer and his patent counsel may suspect some court somewhere might consider an equivalent structure.

Again, we refer to Judge Frank's concurring opinion in the *Spark Plug*<sup>1</sup> case wherein he points out the value of determining invalidity and the preference of the choice of that determination over the determination of noninfringement.

But whatever may be the general rule, and whether or not this Court cares to resolve the conflict between the Eighth Circuit on the one hand, and the Second and Sixth Circuits on the other, it is most certainly true that the dismissal of a counterclaim in the present case, involving, as it did, issues completely beyond the immediate issues of the bill of complaint and answer, was improper and involved

<sup>1</sup> 130 F. (2d) 290.



an erroneous interpretation of the Declaratory Judgment Act. Indeed, the present counterclaim was practically a compulsory counterclaim.

**Point 5.** The petitioners here took the issue of validity to the door steps of respondents by filing a suit for declaratory judgment in Cincinnati. This was dismissed and the Sixth Circuit Court of Appeals affirmed that dismissal on the ground that the present suit would involve a decision of that very point.

It is true that one Circuit Court cannot tell another Circuit Court what it must decide. But as far as petitioners are concerned, they have been thrown out of one court because another court would decide the issue of invalidity, and now they have been thrown out of the other court which refused to do what the first court said it would.

This is one of those extraordinary cases where a conflict of decision by two Circuit Courts of Appeals arises between the same parties on the same set of facts. Certainly, this conflict should be resolved by this Court, with some sort of instructions that will enable petitioners to get this point decided in one or the other of these two circuits.

**Point 6.** This Court in *Electrical Fittings Corp. v. Thomas & Betts Co.*, 307 U. S. 241, had before it a decision originating in the District Court holding a patent valid, but not infringed. This Court then ordered that the Court of Appeals should have struck the adjudication of validity from the decree.

The purpose of this decision was to eliminate the necessity of appeal by a party who had otherwise won a case; but the decision has been distorted by the Circuit Court of Appeals herein, and in other circuits, to mean that once the issue of infringement is decided against the patentee, the issue of invalidity must be disregarded as moot.

We submit that this Court had no such intention in the *Electrical Fittings* case, and that the interpretations of that case by the Circuit Court of Appeals distort the decision of this Court and make of it a ruling in square contravention of the public interest, as well as the interest of litigants. We do not contend that in the absence of a counterclaim the courts below must decide both invalidity and nonfringement, but we do contend that the *Electrical Fittings* case in no wise prevents their deciding invalidity merely because they have decided noninfringement.

If a trial court or a Circuit Court of Appeals decides that a patent is not infringed, *and* that it is invalid, all of the purposes of the *Electrical Fittings* case are fully complied with, because such a decision is merely a decision for one party on two grounds. Such a decision does not compel the winning party to appeal. And that was the one point decided by this Court in the *Electrical Fittings* case.

It certainly should not be a rule that a court cannot decide in favor of all of the defenses to an action, but must limit itself to one of the defenses. Such a rule, if applied to litigation generally, would upset the course of a substantial part of our jurisprudence.

As we have noted, the Eighth Circuit Court of Appeals in this case, 130 F. (2d) 764, misinterpreted the *Electrical Fittings* case as precluding a decision of invalidity. Other Circuit Courts of Appeals have made similar misinterpretations. The Second Circuit made this misinterpretation in *Richard Irvin & Co. v. Westinghouse Air Brake Co.*, 121 F. (2d) 429, and the majority made such a misinterpretation in *Aero Spark Plug Co., Inc., v. B. G. Corporation*, 130 F. (2d) 290. But Judge Frank, concurring in the latter case, made the proper interpretation in the *Electrical Fittings* case, even though that interpretation was not adopted by the majority of the court. He pointed

out the complete consistency with the *Electrical Fittings* case on deciding both invalidity and noninfringement.

The Sixth Circuit in *Aluminum Co. of America v. Thompson Products*, 122 F. (2d) 796, interpreted the *Electrical Fittings* case as requiring the Appellate Court to adjudicate validity where the lower court had adjudicated the patent valid, but not infringed, apparently in square opposition to this Court's holdings in the *Electrical Fittings* case. Later the Sixth Circuit Court of Appeals retired from this extreme to another extreme of apparently refusing to adjudicate validity in case of noninfringement. *American Seating Co. v. Ideal Seating Co.*, 124 F. (2d) 70. It is undoubtedly in the public interest, many times, that patents should be declared invalid. Probably, in most cases, it should be left to the lower courts to determine whether the interests of the litigants or of the public demand such adjudication, but, in any case, it is submitted that this Court should make clear to the lower courts their privilege of holding patents invalid even though they have held them noninfringed. The decision of this Court in the *Electrical Fittings* case should not be made the basis for foreclosing the lower courts against holding patents invalid under such circumstances.

### **Conclusion.**

It is submitted, therefore, that there are in the present case matters of great public interest since these reissue patents are being made the basis for illegal monopolies. It is further submitted that consistent and ordered procedure in the courts below should be brought about by the decision of this Court on the propriety of the use of the Declaratory Judgment Act for counterclaims in patent suits to assure ruling on validity. Also, it is submitted that great public interest resides in the issue of whether this court in the *Electrical Fittings* case precludes the

lower courts from determining validity merely because they have held noninfringement.

Therefore, petitioners pray that the petition for the writ of certiorari be granted, the case be reviewed, and the judgment of the Circuit Court of Appeals for the Eighth Circuit, reversing the District Court and thereby failing to sustain the District Court's holding of invalidity of the reissues, be reversed and the reissues held invalid.

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